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THE MAIN ISSUES OF ASSESSING THE EFFICIENCY OF ARMENIAN COMMERCIAL BANKS THROUGH SUMMARY COEFFICIENTS OF FINANCIAL INDICATORS

Within the framework of the article, an assessment of the financial results and efficiency of commercial banks of the Republic of Armenia (RA) was made to identify general trends that have emerged in recent years. The banking system is of particular importance in each country. According to the Central Bank of the RA in 2022, the share of commercial banks in the financial system of the RA by asset size was 91.34 percentage points, and by capital size - 75.48.

The above proves that the stable functioning of the RA commercial banks and the fixation of positive financial results guarantee their financial stability. Maximizing profit and maintaining the required level of profitability is an objective requirement for the effective operation of commercial banks. This allows ensuring the stable development of the RA's financial system, increasing the competitiveness of individual banks and creating favorable conditions for growth and investment.

Therefore, ensuring the maximum size of the financial results of the RA banks, which is the basis for their financial stability, is also important in the sense that a significant portion of organizations operating in the RA carry out their activities through lending, and taxes are paid to the state budget from the provided results.

Keywords: *commercial banks of the Republic of Armenia, financial results, net profit, return on assets, return on equity, efficiency, maximization of net profit*
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INTRODUCTION. Assessing the reliability of financial institutions, particularly commercial banks, has always been a focus of attention for both financial institutions and those interested in the financial system, particularly customers. Financial institutions seek to obtain a high reliability rating to ensure business continuity, while stakeholders in the financial system want to establish reliable and stable relationships for the long term.

As the most important link in the financial system, banks constantly strive to ensure the efficiency of their activities, which is reflected in the indicators of the efficiency of the main banking activities, such as indicators of total assets, total capital, loans, liabilities, and net profit. The indicators of the activity of commercial banks also include indicators of financial stability since the stability of the country's financial system is essentially determined by the banking system's stability. In this article, we tried to present the financial efficiency of the banking system of the RA in the crises caused by epidemics and wars of recent years. For this purpose, in the work, we set the task of considering the results recorded for 2021-2023 in the RA concerning comprehensive financial results.

Based on the analysis, we hope to identify ways to improve the interaction between partner banks and ensure maximum profit and profitability.

LITERATURE REVIEW. A. A. Perfilev, L. P. Buffetovan, Sh. Binbin believe that in a constantly changing economic situation, analysts should be able to assess the financial stability of the central element of the financial market, the banking system, the most important component of which is commercial banks, whose activities are related to all areas of people's lives (Perfilevet al., 2022).

According to S. D. Baykova and O. V. Demko, the banking system determines economic development trends, facilitates the transformation of savings into investments, and ensures the continuous stable life of the payment system (Baikova & Demko, 2012). To operate successfully within the banking system, individual banks must present themselves as efficient business units and ensure maximum profits. The profitability of a commercial bank is characterized as the bank's ability to generate income from its financial and non-financial services. Thus, the banking system helps the state to overcome economic shocks more smoothly. When the level of profitability is low, the banking system negatively affects the implementation of monetary policy, and capital accumulation does not occur. In the case of low capitalization, the banking system can negatively affect the state's ability to cope with economic shocks, deepening them (Guru et al., 2002).

The fact that the global financial crisis of 2007-2009 forced even politicians to realize the importance of the banking system's stability and the effectiveness of its activities in ensuring the financial and social stability of the country once again emphasizes the relevance and necessity of the article. However, despite the ongoing economic recovery, the return on equity of many banks remains low, which calls for further efforts to study the profitability of commercial banks and the factors that influence it. (Xu, Hu, & Udaibir, 2019).

Kh. Mkhitaryan emphasizes that the stability of commercial banks in the banking system and the guarantee that strengthens the trust of clients is their solvency (Mkhitaryan, 2013). V. A. Kunchinsky and A. S. Ilyinich believe that the solvency of a commercial bank expresses the bank's ability to fulfill its debt obligations promptly and in full (Kunchinsky & Ilinich, 2000).

The bank's profit is an indicator reflecting the financial result of its activities. At the same time, profit is an important economic category and performs a number of functions: profit is the source of payment of dividends and shares to the bank's shareholders; deductions are made from profit to replenish the bank's own capital; bank reliability coefficient; profit can be used to form cash of various nature, which can be of a social nature or used for material incentives; profit is one of the most important indicators characterizing the activity; source of tax payment (Veshkin & Avagyan, 2024).

The net profit of each commercial bank is calculated for a specific period. It is the difference between income and expenses. As the bank's property, the net profit can either be distributed or used to increase capital (Kazakova, 2022).

S. E. Karataeva and D. K. Shikhveledova emphasize that bank efficiency is the ability of financial institutions to optimally use available resources to achieve their goals and maximize profits. Profit, which is the final financial result of the bank's activity, depends on many factors related to its activity. In particular, its manifestation in one volume or another is related to the invested capital, the included labor force, the incurred expenses, the rendered services, and the realized operations. In this regard, based on a given amount of profit, it is impossible to form an unambiguous idea of the efficiency of the activity since the parameters are different. That is, although the profit itself characterizes the economic efficiency of the bank's activity in absolute terms, it does not give a real idea of it. In this context, the importance of calculating performance indicators (each characterizing a specific aspect of banking activities) is emphasized again. Evaluation of the efficiency of banks involves calculating and analyzing the return on assets and equity and net interest margin indicators. In addition to these indicators, some indicators characterize the quality of the bank's activities, such as the quality of the loan portfolio. A comprehensive calculation and analysis of all these indicators will allow measures to be taken to reduce costs, increase competitiveness, and, as a result, maximize profits (Karataeva & Shikhveledova, 2020).

Evaluating bank performance is not an end in itself. It is important for several reasons:

- Financial stability: Efficient banks can better manage their assets and liabilities, contributing to their financial stability.
- Innovation and development: Efficient banks can invest in new technologies and products, contributing to their long-term growth.
- Customer trust: High efficiency leads to improved service quality, which increases customer satisfaction and trust in the bank (Minina, 2017; Zhegalina, 2016).

The efficient operation of banks is a key indicator of their ability to adapt to market changes, maintain growth, and retain competitive advantages.

RESEARCH METHODOLOGY. ***Various*** economic research methods were used to collect and process information during the research, particularly statistical study, functional analysis, and financial results research. These methods enabled the creation of a more complete picture of the subject under study.

There are three main methods for calculating bank profitability. Profit is calculated as the difference between gross income and gross expenses:

$$\mathbf{P} = \mathbf{I_g} - \mathbf{E_g} \quad (1)$$

First of all, the tax payments stipulated by the legislation are made from the received profit, after which the net profit remains:

$$\mathbf{P}_n = \mathbf{P}_g - \mathbf{T} \text{ (Wen, 2010)} \quad (2)$$

Along with profit, profitability indicators are used for banking activities. They are the most important relative indicators characterizing the efficiency of activities. There are several indicators characterizing profitability, and the following are used in the banking practice:

- ***Return on equity: ROE***

$$\text{ROE} = \frac{Net\ Income}{Shareholders'Equity} \text{ (Belousova, Kozyr, 2016)} \quad (3)$$

The optimal level of return on equity (ROE) for commercial banks may vary depending on many factors, such as the size of the bank, its strategy, market conditions, and regional characteristics. However, in world practice, it is considered that the optimal level of ROE for stable and large commercial banks is a value in the range of 10% to 15%. This level of return on equity allows it to meet the expectations of investors and shareholders. This index level helps the bank to be considered in the competitive banking system in the long run. At the same time, in case of a higher than specified level, the bank takes on a higher risk, which can lead to instability. And keeping the indicator at an acceptable level allows one to achieve a balance between risk and return.

- ***Return on Assets: ROA***

$$\text{ROA} = \frac{Net\ Income}{Total\ Assets} \text{ (Kudina, Alekseenko, 2022)} \quad (4)$$

The optimal return on assets (ROA) of commercial banks is between 5% and 20%. ROA shows how efficiently a bank uses its assets to make a profit. A value within optimal limits indicates the efficiency of asset management and the bank's ability to generate stable income from assets.

The next important indicator of the profitability of commercial banks is the net interest margin.

- ***Net interest margin: NIM***

$$\text{NIM} = \frac{Interest\ Income - Interest\ Expenses}{Average\ Earning\ Assets}\ (\text{Kudina, Alekseenko, 2022}) \qquad (5)$$

Some banking regulators prefer to use earning assets when calculating net interest margin. This is because interest income should not be compared with all of a bank's assets but with the portion that is the main source of the bank's gross profit (primarily loans and investments).

Analysis. Commercial banks' efficiency is assessed based on the RA's banking system as a whole and individual banks. The performance indicators of the banking system of the RA are calculated and published by the Central Bank of the RA. The results published by the Central Bank of the RA in the annual report on financial stability are presented below.

Table 1

Efficiency ratios characterizing the banking system of the RA, based on the financial stability reports of the Central Bank of the RA. (The Financial Stability Report of the Central Bank of the RA)
(Unit of measurement: %)

Indicators/year	*2021*	*2022*	*2023*
Capital adequacy	17.2	20.3	19.9
Total liquidity	32.0	37,6	33.2
Liquidity coverage ratio	194.3	286.5	290.6
ROA:	0.9	3.2	2.1
ROE:	7.1	21.7	13.5
Net interest margin	3.0	3.3	4.1
Share of non-performing loans	3.5	2.8	2.4

As a result of studying the table and financial stability reports, it becomes clear that the capital adequacy and liquidity ratios improved in 2021. The banking system has always maintained a capital adequacy over the required minimum, providing the opportunity to absorb possible losses and ensure continuity of operations. The total capital adequacy of the banking system was 17.2% in December 2021, increasing by 0.3 percentage points compared to December of the previous year. The capital adequacy was positively affected by capital growth, AMD-equivalent decrease in risk-weighted assets as a result of exchange rate appreciation, as well as the decrease in loan dollarization. Given the growth in deposits and the nearly unchanged level of the loan portfolio, the liquidity of the banking system has increased significantly in 2021. Compared with the beginning of the year, the total liquidity of banks in all currencies increased by 6.4 percentage points to 32.0%. The foreign exchange liquidity of the sector was at an unprecedented high level. Total liquidity in the first group of currencies increased by 10.4 percentage points to 30.3%. Impacted by the unfavorable shocks of the previous year, 2021 started with significantly lower profitability ratios in banks. According to the reports submitted by banks to the Central Bank of Armenia, in 2021 return on assets (RoA) and return on equity (RoE) of the banking system dropped by 0.1 and 0.3 percentage points compared to the previous year, totaling 0.9% and 7.1%, respectively. The decrease in the net interest income to assets ratio (the net interest margin) negatively affected the profitability, which has reached its historically lowest point. The net interest margin decreased by 0.4 percentage points compared to the previous year and amounted to 3.0%. The decline is due to the allocation of funds to relatively low-risk assets with low interest rates, as well as an increase in interest expenses under repo agreements.

The banking system entered the year 2022 at a high level of capital adequacy, which was further strengthened during the year. The results of stress tests show that the banking system can absorb the losses deriving from possible macroeconomic shocks. Assessing the situation as favorable, the Central Bank decided on the accumulation of the countercyclical capital buffer for the first time. In December 2022, the total capital adequacy was 20.3%, higher by 3.1 percentage points compared with December of the previous year. The growth of capital, the decrease of risk-weighted assets, and the appreciation of the Armenian dram had a significant positive impact on the capital adequacy index.

In 2022, liquidity indicators were growing even though the effect of non-resident deposits was neutralized. Compared to the beginning of the year, total liquidity in all currencies increased by 5.6 percentage points, and foreign currency liquidity increased by 12.1 percentage points. In December 2022, the average liquidity coverage ratio (LCR) in all currencies was about 290%, and in the first group of currencies, it was about 470%. According to reports submitted to the Central Bank, in 2022, the return on assets (RoA) and return on equity (RoE) tripled compared to the previous year and reached 3.2% and 21.7%, respectively. The increase in profitability is mainly due to the multiple increases in the volume of payment, settlement, and foreign exchange operations due to the large influx of new customers. In particular, compared to 2021, the banks' net service margin increased by 220 billion drams. At the same time, the total amount of net interest and credit losses increased by only 7 billion drams. The net interest margin increased by 0.3 percentage points compared to the previous year.

The capital of the banking system increased by approximately AMD 116 billion, or 9.3%, reaching AMD 1 trillion 363 billion at the end of the year. As of December 2023, the overall capital adequacy ratio stood at 19.9%, providing an excess buffer of approximately 3.9 percentage points above the regulatory limit, including all buffers. The decrease in capital adequacy by 0.4 percentage points compared to the previous year was mainly due to the relatively high growth of the loan portfolio during the year and capital losses resulting from the events in Nagorno-Karabakh at the end of the year. However, most banks improved their capital positions even compared to the previous year's high levels. The reduced capital requirement of 11% of risk-weighted assets came into force in June 2023.

The banking system maintained high liquidity reserves. However, in 2023, with the credit portfolio growing more rapidly than deposits, some decline in overall liquidity within the banking system was observed. Compared to the beginning of the year, total liquidity in all currencies, 19 decreased by 3.8 percentage points to 33.2%. Meanwhile, total liquidity in foreign currencies of the first group dropped by 5.9 percentage points to 37.3. In December 2023, the average Liquidity Coverage Ratio (LCR) across all currencies was 290.6%, while for foreign currencies of the first group, it stood at 478.4%.

The banking system concluded 2023 with adequate profitability, largely driven by the growth in interest income. The net interest margin (the ratio of net interest income to assets) increased by 0.8 percentage points compared to the previous year. The growth of the net interest margin was driven by several factors, including the rise in the average interest rate of loans, the high yield of securities in both foreign and domestic markets, and the gradual increase in the share of demand deposits in the composition of residents' deposits, the latter being the primary funding source for banks.

The transition was made from general indicators of the efficiency of the RA banking system to an assessment of the efficiency of individual banks. In order not to burden the article with additional data on the efficiency of individual banks, the coefficients presented in the methodological section of this article were collected and then calculated based on data from 3 leading banks: "Ardshinbank" CJSC, "AMERIABANK" CJSC and "ACBA BANK" OJSC. The size of net profit in 2023 determined banks' choice.

Table 2

Evaluation of the Performance Efficiency of the Three Leading Banks of the RA: Indicators for 2022-2023 Based on the First Semester Data (the table is compiled by the author based on interim reports published on the official websites of individual banks).

Table 2a

Capital adequacy norms

Bank name	*Normative capital, million AMD*						*N1/1*			*N1/2*		
	First semester of 2022		*First semester of 2023*		*Deviation*							
	31.03.22	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation by amount*	*Deviation in percent*	*30.06.22*	*30.06.23*	*Deviation*	*30.06.22*	*30.06.23*	*Deviation*
"Ardshinbank" CJSC	82946	104107	154384	134655	30548	29.0	15.00	17.6	2.6	16.7	19.0	-2.3
"AMERIABANK" CJSC	143832	157606	179510	205209	47603	30.0	13.9	14.8	0.9	16.2	14.8	-1.4
"ACBA BANK" OJSC	72377	84937	98288	104242	19305	23.0	13.6	14.0	0.4	15.8	15.9	-0.1

Table 2b

Liquidity norms

Bank name	*N2/1 Minimum ratio of high-liquid assets to total assets (%)*					*N2/2 – Minimum ratio of high-liquid assets to demand liabilities (%)*				
	First semester of 2022		*First semester of 2023*		*Deviation*	*First semester of 2022*		*First semester of 2023*		*Deviation*
	31.03.22	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation in percent*	*31.03.22*	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation in percent*
"Ardshinbank" CJSC	27.2	36.4	50.8	51.5	15.1	150.3	134.2	110.5	103.1	-31.0
"AMERIABANK" CJSC	30.3	33.2	36.6	28.8	-4.4	87.8	90.8	87.0	70.0	-20.8
"ACBA BANK" OJSC	0.0	20.3	20.3	16.2	-4.1	0.0	80.5	68.3	67.4	-13.1

Table 2c

Norms characterizing the maximum amount of risk for one borrower, major borrowers

Bank name	*N3/1-Maximum risk of one borrower (%)*					*N3/2 – Maximum risk on major borrowers (%)*				
	First semester of 2022		*First semester of 2023*		*Deviation*	*First semester of 2022*		*First semester of 2023*		*Deviation*
	31.03.22	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation in percent*	*31.03.22*	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation in percent*
"Ardshinbank" CJSC	15.89	15.9	14.68	14.5	-1.4	226.97	192.0	134.85	141.0	-50.9
"AMERIABANK" CJSC	17.24	17.2	18.16	17.6	0.4	163.27	124.1	111.25	102.0	-22.1
"ACBA BANK" OJSC	7.34	7.3	11.26	8.2	0.8	12.68	12.3	31.26	37.8	25.5

Table 2d

Norms characterizing the maximum amount of risk one borrower and for all borrowers related to commercial banks

Bank name	*N4/1- Maximum risk of one borrower related to the Bank (%)*					*N4/2 – Maximum risk of all borrowers related to the Bank (%)*				
	First semester of 2022		*First semester of 2023*		*Deviation*	*First semester of 2022*		*First semester of 2023*		*Deviation*
	31.03.22	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation in percent*	*31.03.22*	*30.06.22*	*31.03.23*	*30.06.23*	*Deviation in percent*
"Ardshinbank" CJSC	2.13	0.65	1.8	1.21	0.6	8.9	5.56	5.71	6.10	0.5
"AMERIABANK" CJSC	2.08	3.05	2.5	2.1	-1.0	8.9	9.37	11.11	10.65	1.3
"ACBA BANK" OJSC	0.30	0.29	2.2	2.06	1.8	5.3	5.29	7.66	7.97	2.7

Naturally, not a single standard was violated, since otherwise, the banks' work would have been impossible. A study of the tables shows that the banks under consideration successfully met the standards, significantly exceeding the established requirements.

Table 3

Annual performance indicators of the three leading banks of the RA (the table is compiled by the author based on interim reports published on the official websites of individual banks

Nº	*Indicators*	*"Ardshinbank" CJSC*			*"AMERIABANK" CJSC*			*"ACBA BANK" OJSC*		
		2021	*2022*	*2023*	*2021*	*2022*	*2023*	*2021*	*2022*	*2023*
Source data (Unit of measurement: million AMD)										
1	Total assets	1010410	1557786	1634863	1096387	1251830	1409581	546930	664939	783794
2	Equity	100069	145563	189582	128931	172052	195787	88193	109402	133110
3	Total liabilities	910342	1412223	1445281	966456	1079778	1213794	458737	555537	650684
4	Net income	13349	62649	62147	19117	43062	46613	9608	22570	28393
5	Nonperforming loans	20725	10263	16879	11857	6033	5463	0	436	644
6	Loan portfolio	574313	531424	671580	632143	699082	934137	341295	408439	455199
7	Bad debt allowance	14292	19696	24884	16406	15116	15028	8320	5982	6048
Calculated (Unit of measurement: %)										
Profitability ratios										
8	Return on Assets (ROA) ratios ((row 4 / row 1) *100%)	1,32	4,02	3,80	1,74	3,44	3,31	1,76	3,39	3,62
9	Return on Equity (ROE) ratios. ((row 4 / row 2) * 100)	13,34	43,04	32,78	14,83	25,03	23,81	10,89	20,63	21,33
Credit portfolio quality ratios										
10	Credit activity ((row 6 / row 1) * 100%)	56,84	34,11	41,08	57,66	55,84	66,27	62,40	61,43	58,08
11	Coverage ((row 7 / row 5) * 100%))	68,96	191,91	147,43	138,37	250,56	275,09	0,00	1372,02	939,13
12	Delinquency rate ((row 5 / row 6) * 100%)	3,61	1,93	2,51	1,88	0,86	0,58	0,00	0,11	0,14
13	Allowance for potential uncollected loans ((row 7 / row 6) * 100%)	2,49	3,71	3,71	2,60	2,16	1,61	2,44	1,46	1,33
14	Share of non-performing loans in assets ((row 5 / row 1) * 100%))	2,05	0,66	1,03	1,08	0,48	0,39	0,00	0,07	0,08
15	Credit portfolio risk. ((row 6 - row 7)/ row 6) * 100%))	97,51	96,29	96,29	97,40	97,84	98,39	97,56	98,54	98,67

As a result of studying the table, it becomes clear that the level of return on assets is not in the optimal range for all selected banks. It can be called positive that all selected banks exceeded the 2021 indicator based on 2022 and 2023 data. To ensure net profit, assets were used most effectively by "Ardshinbank" CJSC in 2022, "AMERIABANK" CJSC in 2022, and "ACBA BANK" OJSC in 2023.

The next indicator illustrating the performance of the selected banks is the return on equity, which, as mentioned in the methodological section of this article, is considered optimal if it is within 10-15%. All three banks under consideration significantly improved their return on equity in 2022 and 2023 compared to 2021. "Ardshinbank" CJSC achieved the maximum result in 2022 due to the high net profit indicator.

The efficiency of commercial banks is evidenced, in particular, by the loan portfolio quality ratios. The credit activity ratio shows what credit policy each of the selected banks pursues. If the ratio exceeds 60%, the bank pursues an aggressive credit policy; if the ratio is within 50-60%, the bank's credit policy is considered optimal, and if 0-50%, it is considered conservative (Mashnina, 2010). According to the data, "AMERIABANK" CJSC pursued an aggressive credit policy in 2023, and so did "ACBA BANK" OJSC in 2021 and 2022. Except for the conservative credit policy pursued by "Ardshinbank" CJSC in 2022 and 2023, the banks under study pursued an optimal credit policy in the remaining years.

The next factor indicating the efficiency of banks is the coverage ratio. It shows what part of the reserve goes to overdue debt for 1 dram. The ratio is optimal in "Ardshinbank" CJSC and "AMERIABANK" CJSC for all the years studied. And in 2022 and 2023, "ACBA BANK" OJSC is at a non-optimal level.

The overdue debt ratio, which is optimal if it does not exceed 5%, is at this level for all banks for all the years studied. The potential loss reserve adequacy ratio should not be lower than 2%. It was not optimal in 2023 in "AMERIABANK" CJSC and in 2022, and 2023 in "ACBA BANK" OJSC. The negative thing is that in 2023, compared to 2022, this indicator continued to decline in "ACBA BANK" OJSC. We believe it is necessary to review the size of this bank's reserve.

The share of overdue loans in assets is considered optimal when it does not exceed 0-2 percentage points. All three leading RA banks ensured the optimal level of this indicator in all the years studied.

The risk level of the loan portfolio is considered optimal when the calculated indicator is not lower than 60-70 percentage points. All three studied banks ensured the optimal level of this ratio in 2021-2023.

We believe that all the banks under consideration should take measures to increase net profit since the main problem is seen in the context of profitability indicators. Thus, from the point of view of financial results, the banking system of the RA is developing normally, but it will be possible to assess the quality of the secured maximum profit only after years, since the credit burden of the population has increased significantly, and therefore the risk of non-repayment has increased.

CONCLUSIONS. Thus, to summarize, it should be noted that assessing the efficiency of commercial banks of the Republic of Armenia using consolidated coefficients of financial indicators allows banks to assess the ability to cover liabilities and remain solvent. Since 2020, the RA banking system has been facing the risk of massive demand for invested funds, which is caused by the RA population's financial difficulties due to the pandemic and the war. This review has once again emphasized the need to introduce more effective methods of managing banks' financial resources. The crises of recent years have demonstrated the likelihood of a surge in demand for deposits. Being prepared for such scenarios requires effective asset management mechanisms. Banks must always ensure that any similar situation can be managed, which is achievable when available funds fully cover utilized funds.

Evaluation of the efficiency of the RA banks using the relevant coefficients allows us to determine under what conditions a commercial bank fails, what resources managed by the bank have the least impact on profit maximization, and to adopt effective mechanisms to maximize this impact. If the calculation results prove that the bank can ensure the maximum profit using its own capital and assets, they allow us to conclude that the bank is financially stable and can provide financial services in various economic cycles.

In determining how to increase the income of RA banks, it should be taken into account that a significant portion of interest income from banks comes from lending to the real sector of the economy. It is necessary to deepen cooperation between banks and organizations operating in the real sector of the economy, also using the mechanisms for providing benefits to the Central Bank of Armenia. We propose increasing banks' interest income by offering preferential credit terms to organizations operating in low-risk industries and classified as major taxpayers, which require access to credit resources. In this context, we recommend that the Central Bank of Armenia develop and implement policies enabling commercial banks to offer loans at interest rates below the refinancing rate to sectors that contribute significantly to the state budget. The sectors should have a low-risk level and be re-evaluated annually through monitoring. This proposal also assumes the provision of additional supervisory functions in terms of using these loans by commercial banks to ensure that credit resources are used strictly for their intended purpose. This will ensure a significant inflow of interest income, in parallel with an increase in the profit tax rate, as well as economic development and an increase in tax funds paid by organizations to the state budget.

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